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SUBJECT: JORDAN INPUT ON STRATEGY TO INTEGRATE IRAQ INTO REGION

REF: A. STATE 21447

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Classified By: Ambassador R. Stephen Beecroft
for reasons 1.4 (b) and (d).

I1. (C) Summary: With continued U.S. encouragement, the GOJ has taken significant steps over the past year to improve its formal political relationship with Baghdad through steady multilateral engagement and increasing bilateral meetings. Economic ties between the countries have also continued to grow, and Jordanian contacts express measured optimism about the overall trajectory of the Jordanian-Iraqi relationship. Still, relations are hampered by bilateral issues such as trade and refugees, as well as persistent mistrust. Jordan has consistently supported U.S.-backed multilateral initiatives to integrate Iraq into the region, but some officials have privately questioned their utility, suggesting that Jordan would judge any newly proposed forum on the likelihood of its producing concrete results. The following is a response to questions in reftel A. End Summary.

Relations Improving With Room for Progress

I2. (C) In the past year, bilateral political relations have expanded significantly. Jordan has, with some prodding from the U.S., welcomed high-level visits of Iraqis; sent its heads of state and government to Iraq; reestablished a diplomatic presence in Iraq; hosted neighbors' working group meetings, including one on refugees and one on security; reestablished bilateral committees to discuss issues such as debt and fuel; and supported the March 2008 meeting of the Arab Inter-Parliamentary Union in Erbil. Future steps such as the expected travel of Jordan's PM to Baghdad and the permanent dispatch to Baghdad of Jordan's named ambassador to Iraq after the chancery has been rebuilt would further normalize relations.

I3. (C) Economically, too, Jordanian-Iraqi ties are increasing, although they have not yet reached pre-2003 levels. Historically, Iraq has been a strategic trading partner for Jordan and, after a significant falloff, some linkages have rebounded. Jordanian exports to Iraq grew to USD 809 million in 2008, up 51.4% from USD 534 million in 2007 (ref B). However Iraq has not met a key Jordanian concern by the delivery of any meaningful amounts of oil despite the renewal in June 2008 of a 2006 oil protocol that aimed to provide Jordan up to 30,000 barrels per day at a discounted rate (refs C, D). Problems have been attributed to technical difficulties and security issues, which caused the one joint Iraq-Jordanian transportation company that

historically handled much of the oil transport to go bankrupt. Other Jordanian companies have also complained that security concerns continue to hamper investment, and new initiatives like the Iraq-Jordan Free Trade Zone exist in name only.

¶4. (C) On military-to-military cooperations, there have been signs of some engagement between the Jordanian Armed Forces (JAF) and the Iraqi Security Forces (ISF), but much room remains for growth. Jordan has helped train the ISF and has expressed an interest in opening a Military Assistance Program in Baghdad to assist with contracting and procurement; contacts also tell us that Iraq has requested the dispatch of a senior Jordanian Defense Attaché who could work face to face on establishing a military to military engagement program. JAF has lots to offer Iraq on a variety of issues from training to maintenance, but the lack of a DATT means that these conversations are not occurring proactively. On a less positive note, a prominent example of JAF engagement--the class IV field hospital that it operates in Fallujah--is currently in limbo as the JAF does not trust the ISF to provide supply convoy security (a role currently handled by the U.S. but scheduled to expire in April due to the U.S.-Iraq Strategic Agreement).

Obstacles to Improved Relations

¶5. (C) From Jordan's perspective, a primary obstacle to improved relations is Iraq's failure to reciprocate on Jordan's political engagement with economic measures. As noted in ref E, Nawaf Tel--who retains the Foreign Ministry's

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Iraq multilateral portfolio--told Emboffs that Iraq had yet to respond to Jordan's political outreach with concrete steps to improve economic ties, which he cast as Iraq's side of the bargain for an overall improved relationship. Rather than attribute slow progress to deficits in Iraqi capacity, Tel saw it as evidence that Iraq did not appropriately value its relationship with Jordan.

¶6. (C) Jordan is also critical of Iraq's handling of the refugee crisis. Jordanian officials accuse PM Maliki and his government of largely abandoning the Iraqi population in Jordan except for what the Jordanian officials see as isolated and insufficient public gestures like the USD 8 million donation to UNHCR in 2007 and the GOI supported repatriation of several hundred refugees in 2008.

¶7. (C) The residual distrust in a predominately Sunni-Jordan of a Shia-led Iraq also no doubt continues to impact negatively the quality of relations. Over the past year, however, Jordanian contacts and government officials have acknowledged signs that sectarianism in Iraq is decreasing and that Maliki is proving himself more of a nationalist leader. Embassy expects that Jordanian discomfort with a Shia-led Iraq would continue to ebb if relationship building continues between Jordanian officials and Iraq's new cadre of leaders.

Building on Existing Initiatives

¶8. (C) Embassy favors continuing a two-track approach to improving GOJ-GOI relations. Post will continue to encourage Jordan to expand its political engagement with Iraq through additional visits and the permanent dispatch of its ambassador to Baghdad once the Jordanian chancery is completed. At the same time, Post will continue to encourage movement on issues key in Jordan's view to bilateral relations--economic engagement and a long-term plan for successful refugee repatriation, while addressing the interim needs of refugees.

¶9. (C) On economic engagement, Embassy will continue to

encourage the Jordanian government to find ways to facilitate Jordanian-Iraqi trade and investment activity, for example by urging progress on the Karama-Trebil border Free Trade Zone. Jordan's recent liberalization of the entry and residency requirements for Iraq business people was a positive move that now needs to be fully implemented (ref F). As the security situation in Iraq improves and helps to bring down shipping costs, the Jordanian government expects that Jordanian companies will also take greater advantage of bilateral trading opportunities. Additionally, post will continue to encourage the Jordanian government to resolve the issue of over \$1.3 billion in Iraqi debt, which continues to be a point of contention (refs G, H).

¶10. (C) On the energy front, pressing the Iraqi government to provide Jordan more substantial amounts of better quality oil, as agreed, would help alleviate some of Jordan's short-term energy pressures and instill confidence in the bilateral relationship. The Jordanians have also expressed interest in receiving USG support for a Jordan-Iraq energy partnership that would identify investment opportunities for Jordanians in Iraqi natural gas.

¶11. (C) Regarding refugees, we believe the U.S. should continue to provide assistance to Jordan, particularly to address the education and health needs of Iraqi refugees. More sustainable solutions to the refugee issue will require U.S. pressure on both countries--encouraging Iraq to provide greater assistance to the refugee community and Jordan to explore options for granting temporary protective status, expanding vocational training, legalizing employment for refugees, and waiving overstay fees for refugees seeking to return home. We hope to see Jordan's recent liberalization of immigration and residency regulations for Iraqi businessmen and investors expanded to cover less-advantaged Iraqis as well. Finally, pushing the GOI and the GOJ to engage more often on refugee issues--either bilaterally, or in tripartite fashion with the UNHCR, or in multilateral fora--would improve coordination, especially for repatriation. Embassy notes that a truly sustainable improvement in relations between the GOJ and the GOI will eventually necessitate limiting our role as the direct facilitator of bilateral engagement.

Multilateral Initiatives, Openness to New Mechanisms

¶12. (C) Jordan has participated actively in the full

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spectrum of multilateral initiatives on Iraq. Just late last year, Jordan responded favorably to a new U.S. initiative--the QUINT policy planning meeting--and attending and offering to host a follow on meeting (ref I). GOJ officials appreciate that such gatherings bring together regional officials, who might not otherwise engage on Iraqi issues with each other. However, the same officials at times have privately questioned the utility of multilateral gatherings, specifically the neighbors' process, absent concrete outcomes. Embassy's view is that abruptly halting the neighbors' process could unintentionally send the signal that the U.S. is disengaging from Iraq, particularly in light of the recent Strategic Agreement and announced plans for withdrawing troops from Iraq. In that context, if we want to change the format, the best option might be to decrease the frequency of the neighbors' meetings while maintaining the process.